

**BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana**

**General Purpose Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
December 31, 2002
With Supplemental Information Schedules**

BIENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2
Arcadia, Louisiana

General Purpose Financial Statements
With Independent Auditors' Report
As of and for the Year Ended December 31, 2002
With Supplemental Information Schedules

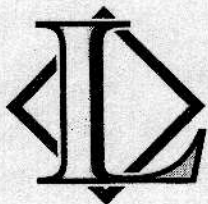
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BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Contents, December 31, 2002

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LITTLE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
JAMES C. BOND, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

BOARD OF COMMISSIONERS
BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

We have audited the general purpose financial statements of the Bienville Parish Hospital Service District No. 2, a component unit of the Bienville Parish Police Jury, as of December 31, 2002, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Bienville Parish Hospital Service District No. 2's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements present fairly, in all material respects, the financial position of the Bienville Parish Hospital Service District No. 2, as of December 31, 2002, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Bienville Parish Hospital Service District No. 2. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

BOARD OF COMMISSIONERS
BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Independent Auditors' Report,
December 31, 2002

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2003, on the Bienville Parish Hospital Service District No. 2's compliance with laws, regulations, and contracts, and our consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Little & Associates

Monroe, Louisiana
June 20, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

BIENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2
Arcadia, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 2002

	GOVERNMENTAL FUND TYPE		ACCOUNT GROUP -	
	GENERAL FUND	SPECIAL REVENUE FUNDS	GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS				
Cash and cash equivalents	\$231,081	\$30,157		\$261,238
Receivables		152,162		152,162
Due from other funds	85,508	591		86,099
Due from others	3,828			3,828
Land, buildings, and equipment			\$4,132,442	4,132,442
TOTAL ASSETS	<u>\$320,417</u>	<u>\$182,910</u>	<u>\$4,132,442</u>	<u>\$4,635,769</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$6,067	\$6,738		\$12,805
Payroll withholdings payable		12,872		12,872
Due to other funds		86,099		86,099
Total Liabilities	<u>6,067</u>	<u>105,709</u>	<u>NONE</u>	<u>111,776</u>
Fund Equity:				
Investment in general fixed assets			\$4,132,442	4,132,442
Fund balance - unreserved - undesignated	<u>314,350</u>	<u>77,201</u>		<u>391,551</u>
Total Fund Equity	<u>314,350</u>	<u>77,201</u>	<u>4,132,442</u>	<u>4,523,993</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$320,417</u>	<u>\$182,910</u>	<u>\$4,132,442</u>	<u>\$4,635,769</u>

The accompanying notes are an integral part of this statement.

BIENVILLE PARISH HOSPITAL SERVICE DISTRICT
Arcadia, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND
AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
REVENUES		
Fees, charges, and commissions for services		\$740,406
Use of money and property	\$171,466	
Total revenues	<u>171,466</u>	<u>740,406</u>
EXPENDITURES		
Current:		
Personal services	24,946	455,203
Operating services	218,112	326,373
Materials and supplies	440	77,091
Capital Outlay	47,659	16,850
Total expenditures	<u>291,157</u>	<u>875,517</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(119,691)</u>	<u>(135,111)</u>
OTHER FINANCING SOURCES (Uses)		
Proceeds from insurance	11,631	
Sale of assets	1,700	
Operating transfers in		217,739
Operating transfer out	(217,739)	
Total other financing sources (uses)	<u>(204,408)</u>	<u>217,739</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(324,099)</u>	<u>82,628</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>638,449</u>	<u>(5,427)</u>
FUND BALANCES AT END OF YEAR	<u>\$314,350</u>	<u>\$77,201</u>

The accompanying notes are an integral part of this statement

BIENVILLE PARISH HOSPITAL SERVICE DISTRICT
Arcadia, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP) Basis and Actual
For the Year Ended December 31, 2002

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Fees, charges, and commissions for services			
Use of money and property	\$171,466	\$171,466	
Total revenues	<u>171,466</u>	<u>171,466</u>	
EXPENDITURES			
Current:			
Personal services	21,036	24,946	(3,910)
Operating services	224,173	218,112	6,061
Materials and supplies	4,442	440	4,002
Capital Outlay	27,953	47,659	(19,706)
Total expenditures	<u>277,604</u>	<u>291,157</u>	<u>(13,553)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(106,138)</u>	<u>(119,691)</u>	<u>13,553</u>
OTHER FINANCING			
Proceeds from insurance		11,631	11,631
Sale of assets	1,700	1,700	
Operating transfers in			
Operating transfer out	(217,989)	(217,739)	250
Total other financing sources (uses)	<u>(216,289)</u>	<u>(204,408)</u>	<u>11,881</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(322,427)</u>	<u>(324,099)</u>	<u>(1,672)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>638,449</u>	<u>638,449</u>	
FUND BALANCES AT END OF YEAR	<u>\$316,022</u>	<u>\$314,350</u>	<u>(\$1,672)</u>

The accompanying notes are an integral part of this statement

**BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana**

Notes to the Financial Statements
As of and For the Year Ended December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bienville Parish Hospital Service District No. 2 is controlled by a board of Commissioners who are appointed by the Bienville Parish Police Jury, and is exempt from income taxes. The District owns and operates the Family Clinic and the Wellness Center for the purpose of providing for the medical needs of the citizens of Bienville Parish. The District also contracts with various other health care providers in which the district provides space in return for rent.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the police jury to impose its will on that organization and/or;

BIENVILLE PARISH HOSPITAL

SERVICE DISTRICT NO. 2

Arcadia, Louisiana

Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- 2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the District's governing body and has the ability to impose its will, the agency was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The District's current operations require the use of only governmental funds. The governmental funds used by the district are described as follows:

General Fund

The General Fund is the general operating fund of the district. It accounts for all rent payments received from providers. Also, general operating expenditures are paid from this fund.

Special Revenue Funds

The district uses to special revenue funds which account for the operations of the Bienville Family Clinic and the Bienville Wellness Center.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Approximately 100 per cent of fixed assets are valued at actual historical costs. No depreciation has been provided on general fixed assets. The account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations. The district has no long-term debt at December 31, 2002.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The clerk of court uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Revenues from rent, patient fees, and membership fees are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

The proposed budgets for the general fund and special revenue funds are prepared on the modified accrual basis of accounting and are made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budgets are then legally adopted by the board of commissioners and amended during the year, as necessary. Budgets are established and controlled by the board of commissioners at the object level of expenditure. The district does not utilize encumbrance accounting. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budgets must be approved by the board of commissioners.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statement include the original adopted budget amounts and all subsequent amendments.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

F. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2002, the district has cash and cash equivalents (book balances) totaling \$261,238, as follows:

Demand deposits	\$46,138
Petty cash	100
Time deposits	<u>215,000</u>
Total	<u>\$261,238</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be fully secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2002, are secured as follows:

Bank balances	<u>\$297,189</u>
Federal deposit insurance	\$182,189
Pledged securities	<u>254,555</u>
Total	<u>\$436,744</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the district, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the district's name.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

G. VACATION AND SICK LEAVE

All full-time employees of the district earn 10 days of vacation leave after one full year of service, and fifteen days of vacation leave after six years of service. Full-time employees earn 10 days of sick leave after one full year of service. Employees may carry forward a maximum of one year of accrued vacation time and unlimited accrued sick leave time. Part-time employees are also eligible for vacation and sick leave at a lower rate of accrual. Upon separation of employment, employees are paid for accrued vacation leave.

H. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering: general liability; workers compensation; and surety bond coverage for all employees. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. No claims have been filed on the policy during the past three years nor is the district aware of any unfilled claims.

**I. TOTAL COLUMN ON THE
BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. RECEIVABLES

The following is a summary of receivables for special revenue funds at December 31, 2002:

Class of receivables:

Fees, charges, and commissions for services:

Patient fees	\$149,144
Membership fees	<u>3,018</u>
Total	<u><u>\$152,162</u></u>

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance at January 1 st	Additions	Deletions	Balance at December 31 st
Land	\$87,371			\$87,371
Buildings	2,625,762			2,625,762
Machinery & Equipment	1,356,500	\$64,509	(\$1,700)	1,419,309
Total	<u>\$4,069,633</u>	<u>\$64,509</u>	<u>(\$1,700)</u>	<u>\$4,132,442</u>

4. DEFERRED COMPENSATION PLAN

The hospital district offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all employees, permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the hospital district (without being restricted to the provisions of benefits under the plan), subject only to the claims of the hospital district's general creditors. Participants' rights under the plan are equal to those of general creditors of the hospital district in an amount equal to the fair market value of the deferred account for each participant.

5. LEASES

The district contracts with various other health care providers to serve the medical needs of the citizens of Bienville Parish. The District provides space for these providers in return for rent. Current leases include Mark Owen, M. D. with a monthly payment of \$600 and the Louisiana Extended Care Hospital with a monthly payment of \$14,000.

6. FUND DEFICIT

At December 31, 2002, the Wellness Center Fund had a fund deficit of \$3,111. The district will reduce expenditures to eliminate the deficit.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
Notes to the Financial Statements (Continued)

7. LITIGATION AND CLAIMS

The Bienville Parish Hospital Service District No. 2 is not involved in any litigation at December 31, 2002, nor is it aware of any unasserted claims.

SUPPLEMENTAL INFORMATION SCHEDULES

**BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2002**

SPECIAL REVENUE FUNDS

FAMILY CLINIC FUND

The Family Clinic fund accounts for the activity involved in providing health care needs to the citizens of Bienville Parish.

WELLNESS CENTER FUND

The Wellness Center fund accounts for the activity involved in providing health care needs to the citizens of Bienville Parish.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 2002

	FAMILY CLINIC FUND	WELLNESS CENTER FUND	TOTAL
ASSETS			
Cash and cash equivalents	\$26,825	\$3,332	\$30,157
Receivables	149,144	3,018	152,162
Due from other funds		591	591
TOTAL ASSETS	<u>\$175,969</u>	<u>\$6,941</u>	<u>\$182,910</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$5,695	\$1,043	\$6,738
Payroll withholdings payable	12,872		12,872
Due to other funds	77,090	9,009	86,099
Total Liabilities	<u>95,657</u>	<u>10,052</u>	<u>105,709</u>
Fund Equity:			
Fund Balance - unreserved - undesignated	80,312	(3,111)	77,201
TOTAL LIABILITIES AND FUND EQUITY	<u>\$175,969</u>	<u>\$6,941</u>	<u>\$182,910</u>

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

	FAMILY CLINIC FUND	WELLNESS CENTER FUND	TOTAL
REVENUES			
Fees, charges, and commissions for services	\$619,880	\$120,526	\$740,406
EXPENDITURES			
Health and welfare:			
Current:			
Personal services	356,243	98,960	455,203
Operating services	247,650	78,723	326,373
Materials and supplies	69,797	7,294	77,091
Capital outlay	15,728	1,122	16,850
Total expenditures	689,418	186,099	875,517
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(69,538)	(65,573)	(135,111)
OTHER FINANCING SOURCE			
Operating transfer in	149,750	67,989	217,739
EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	80,212	2,416	82,628
FUND BALANCES AT BEGINNING OF YEAR	100	(5,527)	(5,427)
FUND BALANCES AT END OF YEAR	\$80,312	(\$3,111)	\$77,201

**BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia , Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended December 31, 2002**

COMPENSATION PAID COMMISSIONERS

The commissioners of Hospital Service District No. 2 receive \$40 for each meeting of the board of commissioners which they attend. The board of commissioners normally meets once each month.

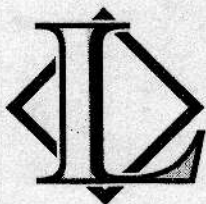
BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

Schedule of Compensation Paid Commissioners
For the Year Ended December 31, 2002

Dan Madden	\$480
Layne Weeks	480
Loretta Butler	480
Odis Green	480
Gary Gantt	480
Shirley Payne	480
Arthur Lathan	480
Total	<u>\$3,360</u>

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting

Wm. TODD LITTLE, CPA
JAMES C. BOND, CPA
CHARLES R. MARCHBANKS, JR., CPA

BOARD OF COMMISSIONERS
BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

We have audited the general purpose financial statements of the Bienville Parish Hospital Service District No. 2, a component unit of the Bienville Parish Police Jury, as of and for the year ended December 31, 2002 and have issued our report dated June 20, 2003. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bienville Parish Hospital Service District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is identified as Finding 02-01 in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bienville Parish Hospital Service District No. 2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

BIENVILLE PARISH HOSPITAL SERVICE DISTRICT NO. 2

Arcadia, Louisiana

Independent Auditors' Report on Compliance

And Internal Control Over Financial Reporting, etc.

December 31, 2002

This report is intended solely for the information and use of the Bienville Parish Hospital Service District No. 2, management of the clerk's office, and Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Little & Associates

Monroe, Louisiana

June 20, 2003

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2002

A. SUMMARY OF AUDIT RESULTS

1. The Auditors' report expresses an unqualified opinion on the general purpose financial statements of Bienville Parish Hospital Service District No. 2.
2. One instance of noncompliance material to the financial statements of Bienville Parish Hospital Service District No. 2 was disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

02-1. Need to Comply with Louisiana Local Government Budget Act

Finding: The agency did not adopt a budget for the special revenue funds. The accountant utilized a budget, however, the budget was not adopted by the board of commissioners. Louisiana Revised Statutes (LRS) 39:1303-1308 require the district to adopt a budget for the general fund and all special revenue funds. Consequently, because the budget was not legally adopted, no comparison is shown for special revenue funds.

Recommendation: In the future, the district should adopt a budget for all funds required by the statutes.

BIENVILLE PARISH HOSPITAL
SERVICE DISTRICT NO. 2
Arcadia, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2002

There were no audit findings reported in the audit for the year ended June 30, 2001.

Bienville Parish Hospital Service District #2

P. O. Box 766
Arcadia, Louisiana 71001
318-263-7970 Fax: 318-263-2008

June 18, 2003

Legislative Audit Advisory Council
P O Box 94397
Baton Rouge, LA 70804-9397

To Whom It May Concern:

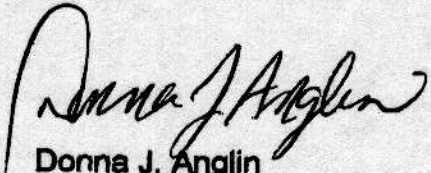
The Bienville Parish Hospital Service District #2 responds as follows:

Finding: Need to comply with Louisiana Local Government Budget Act.

The Bienville Parish Hospital Service District #2 was unaware of changes to the Louisiana Local Government Budget Act. In the future we will adhere to the budget act.

Thank you and with kindest regards, I am

Respectfully yours,



Donna J. Anglin
Administrator, B.P.H.S.D. #2